

BSA Gift Policy

The Botanical Society of America accepts gifts of cash and appreciated stock to support the organization and its core programs as approved by the BSA Board of Directors.

With approval by the Board of Directors, this may include gifts from corporations and others that are intended for specific purposes (e.g., research or travel awards, prize for best talk or publication, activities of a particular BSA section). Again, with the approval of the Board of Directors, this may also include gifts that are intended to establish or to increase the value of dedicated funds that are ear-marked for a specific purpose. In all cases, the following guidelines must be adhered to:

1. The purpose of the fund must be consonant with BSA values and core programs.
2. All new funds must be approved by BSA Board of Directors.
3. Administering new funds - including disbursements of sums for specified purposes - may not create undue burden on the BSA.
4. A minimum initial balance of \$25,000 is required to establish a permanently restricted fund that is intended to function in perpetuity; except by specific agreement between the donor and the BSA, the annual draw on the endowed fund will be set by the BSA for the Society's investment portfolio as a whole
5. There is no set minimum for establishing a fund that is intended to be exhausted (i.e., spent down to zero) over a certain term, but prospective donors should contact BSA early in the process for approval of the concept of the proposed fund and for preliminary agreement on its term.
6. Under special circumstances, BSA may agree to establish an account for a permanently restricted fund that has not yet achieved the \$25,000 threshold. This will require that a realistic plan be in place for fund-raising including target dates for achievement of the threshold and any other significant milestones. A formal gift agreement will be drawn up between the donor and the BSA to govern this process and also to stipulate how funds are to be disbursed in the event that the \$25,000 threshold is not attained as planned. Under no circumstances will disbursements be made from a fund that has yet to reach the \$25k threshold.
7. In all cases, a formal gift agreement will be drawn up between BSA and the donor. This will establish the fund, its purpose(s), and procedures for making disbursements. BSA policy requires the establishment of procedures that are consonant with the donor's intentions but independent of donor involvement in terms of actual operations.
8. In all cases, BSA advises that donors consult their financial advisors regarding IRS regulations related to tax deductible charitable contributions.

Rationale for New BSA Gift Policy

Purpose: The purpose of this new policy is to set forth clear guidelines for the establishment of new funds at the BSA. The primary goal is to avoid the establishment of funds without mutual clarity on their purpose and procedures for the disbursement of dollars. A secondary goal is to avoid the establishment of funds that are too small to achieve almost any purpose and for which there are not clear plans for how the fund is to increase in value. A third goal is to achieve the BSA's and its members' missions without undue (expensive) burden on staff and accountants.

Background: The BSA is currently managing almost 50 separate funds *in addition* to a handful of funds that are society-wide (e.g., those that fund research awards for students). Most of these funds were set up by a particular section or individual member. They vary in value from (\$650) to about \$67k (yes, some are in negative territory); the median value is about \$3k. These funds also vary from reliably active (e.g., the section taps the fund every year for its intended purpose; the award committee makes the award every year) to some that have been inactive for years. There is a handful whose purpose is unknown to current BSA leadership (we are working to learn more about these). *REGARDLESS of size or activity level, each of these funds costs the BSA a not-trivial amount of money in accounting expenses and staff time to manage.**

What the Policy does *not* do: This policy does not seek to terminate any presently extant funds; it does not establish criteria for the continuation of extant funds. Instead it is a forward looking policy. However, BSA leadership will be working with section leaders to achieve clarity on the least active and smallest funds with the goal of using the funds for the purpose(s) for which they were established. Small funds that are not being added to and are not being used are not achieving their intended goals - or any goals for that matter. We will also be working to attempt to clarify the purpose of 'orphaned' funds (i.e., those for which we lack records of who established them and for what purpose). We do anticipate working with sections and individual stakeholders to sunset some of these inactive funds in all cases by using the funds as (a) most consistent with original purposes when that is known or (b) for the benefit of the relevant section or (c) for the benefit of the BSA as a whole (e.g. as graduate research awards).

***A thought exercise to explain why small funds are expensive to manage:** Imagine that you have three children each of whom has money that is in your family's overall savings account. Two of these children have asked that you track a 'college fund' separately from a 'day-to-day' fund for him/her so that you are managing five funds in all. Each child puts his/her allowance into the account and then spends various amounts from his/her 'virtual partition' of your overall family account. Each time a child wants \$8 to go to the movies, you have to pull the \$8 from your savings account and keep track of it so that you can know how much money that child still has. Some of your kids are good savers - they save and save and you only have to tally up the additions to their partition of the account. Others are 'money in / money out' sorts and you are constantly doing transactions for them. At the end of each year (in the BSA case - probably more

frequently in your family's case), you must reconcile each child's partitioned account(s) of the overall family savings account so that you (and the children) know how much is in each fund. Further, your overall savings account is interest bearing. Each year you must figure out how much of the interest earned by the family overall account rightfully belongs to each child's fund(s). Are you tired of being the family's accountant yet? Now imagine you have almost 50 such accounts to manage.